

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TOWNSHIP OF NEWARK

GRATIOT COUNTY, MICHIGAN

MARCH 31, 2004

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>NEWARK</b>	County <b>GRATIOT</b>
Audit Date <b>3-31-04</b>	Opinion Date <b>7-21-04</b>	Date Accountant Report Submitted to State: <b>8-10-04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board **RECEIVED** **AUG 11 2004** **LOCAL AUDIT & FINANCE DIV.** Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan By The Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <b>JAMES M. IRELAND, P.C.</b>			
Street Address <b>6920 S. CEDAR ST., SUITE #3</b>	City <b>LAUSING</b>	State <b>MI</b>	ZIP <b>48911</b>
Accountant Signature <b>James M. Ireland, CPA</b>			

TOWNSHIP OF NEWARK

TOWNSHIP BOARD

Glen Cheney	-	Supervisor
Loren Roslund	-	Clerk
Leland Skinner	-	Treasurer
Gale Whitford	-	Trustee
Ronald Davis	-	Trustee

TOWNSHIP OF NEWARK  
GRATIOT COUNTY, MICHIGAN

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**JAMES M. IRELAND, CPA, PC**  
6920 S. CEDAR ST., SUITE 3  
LANSING, MICHIGAN 48911-6924  
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### Independent Auditor's Report

Members of the Township Board  
Township of Newark  
Gratiot County, Michigan

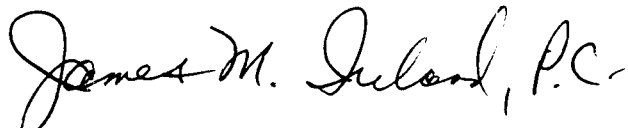
Boardmembers:

I have audited the accompanying general purpose financial statements of the Township of Newark as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Newark as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Township of Newark. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

  
Certified Public Accountant

July 21, 2004

## TOWNSHIP OF NEWARK

## COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

	Governmental Fund Type	Fiduciary Fund Type	Account Group	Total
	General	Trust and Agency	General Fixed Assets	(Memo Only)
<u>Assets</u>				
Cash in banks	\$ 102,790	\$ -	\$ -	\$ 102,790
Delinquent taxes receivable	1,513	-	-	1,513
Fixed assets	-	-	124,038	124,038
<u>Total Assets</u>	<u>\$ 104,303</u>	<u>\$ -</u>	<u>\$ 124,038</u>	<u>\$ 228,341</u>
<u>Fund Equity</u>				
Investment in general fixed assets	\$ -	\$ -	\$ 124,038	\$ 124,038
Fund balance: Unreserved	104,303	-	-	104,303
<u>Total Fund Equity</u>	<u>\$ 104,303</u>	<u>\$ -</u>	<u>\$ 124,038</u>	<u>\$ 228,341</u>

See accompanying notes to financial statements.

## TOWNSHIP OF NEWARK

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 33,550	\$ 34,021	\$ 471
Licenses and permits	200	200	-
State grants	80,000	79,785	(215)
Charges for services	150	2,512	2,362
Miscellaneous	<u>1,700</u>	<u>1,419</u>	<u>(281)</u>
Total Revenues	115,600	117,937	2,337
<u>Expenditures</u>			
Legislative	2,490	3,192	(702)
General government	42,076	35,107	6,969
Public safety	24,500	19,815	4,685
Public works	52,117	47,066	5,051
Other functions	<u>7,500</u>	<u>6,356</u>	<u>1,144</u>
Total Expenditures	<u>128,683</u>	<u>111,536</u>	<u>17,147</u>
Excess (Deficiency) of Revenues over Expenditures	(13,083)	6,401	19,484
Fund Balance, April 1	<u>96,401</u>	<u>97,902</u>	<u>1,501</u>
<u>Fund Balance, March 31</u>	<u>\$ 83,318</u>	<u>\$ 104,303</u>	<u>\$ 20,985</u>

See accompanying notes to financial statements.

TOWNSHIP OF NEWARK  
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township of Newark and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The financial activities of the Township of Newark are recorded in separate funds and account groups, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general governmental departments, boards and commissions; (2) law enforcement; and (3) health, welfare and medical assistance. The fund includes the general operating expenditures of the local unit.

FIDUCIARY FUNDS

Trust and Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust Funds (c) Pension Trust Fund; and (d) Agency Funds.

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Fixed assets used in the general operation of the township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, drains, curbs, and gutters are not capitalized.



TOWNSHIP OF NEWARK  
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

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CASH, CASH EQUIVALENTS, AND INVESTMENTS

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

Investments are stated at cost.

BASIS OF ACCOUNTING

The modified accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual--that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue is recognized in accordance with MCGAA Statement 3:  
  
Properties are assessed and leined as of December 31 and their related property taxes are billed on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls.
- b. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- c. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Budgets and Budgetary Accounting:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to December 1, the Supervisor submits to the Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them. The budgets are adopted to the activity level.
2. Public hearings are conducted at the Township hall to obtain taxpayer comments.
3. Prior to February 1, the budget is legally enacted through passage of a resolution.
4. Budgets for the governmental fund types and the expendable trust funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budgeted amounts are as originally adopted, or as amended by the Township Board.

TOWNSHIP OF NEWARK  
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

BASIS OF ACCOUNTING (Continued)

Investments:

Investments are stated at cost.

Property Tax and Delinquent Taxes Receivable

Taxes are levied for the Township on December 1. The Township bills and collects its own property taxes. Property taxes not paid to the Township treasurer by the final due date in March are turned over to the County treasurer. The County purchases the delinquent taxes of the Township and normally remits the taxes to the Township the following year. The taxes paid by the county are included as revenue on the Township's books at the preceding March 31 date.

The 2003 Taxable valuation of the Township totaled \$28,553,151 on which ad valorem taxes levied consisted of 0.9687 mills for general operating purposes. These amounts are recognized in the general fund.

Delinquent Taxes Receivable

	<u>Taxes</u>	<u>PTAF</u>	<u>Total</u>
2003 Tax Levy	\$27,656	\$6,365	\$34,021
2003 Taxes Collected	<u>26,384</u>	<u>6,124</u>	<u>32,508</u>
2003 Taxes Uncollected	1,272	241	1,513
Delinquent Taxes Receivable, April 1	1,217	284	1,501
Delinquent Taxes Collected	<u>1,217</u>	<u>284</u>	<u>1,501</u>
Delinquent Taxes Receivable, March 31	<u>\$ 1,272</u>	<u>\$ 241</u>	<u>\$ 1,513</u>
<u>Summary by Year of Levy</u>			
2003	<u>\$ 1,272</u>	<u>\$ 241</u>	<u>\$ 1,513</u>

Total Columns on Combined Statements - Overview:

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF NEWARK  
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

**BALANCE SHEET--CASH AND INVESTMENTS**

Deposits are carried at cost. Deposits are in one financial institution in the name of Newark Township Treasurer. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the three highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase and which involve no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

**Deposits**

Insured (FDIC)	\$100,197
Uninsured	<u>2,593</u>
Total Deposits	<u>\$102,790</u>

At year end, the balance sheet carrying amount of deposits was \$102,790.

**FIXED ASSETS**

<u>Changes in General Fixed Assets</u>	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Balance</u> <u>3/31/04</u>
Land and Improvements	\$ 18,992	\$ -	\$ 18,992
Buildings	86,152	-	86,152
Furniture and Equipment	<u>18,894</u>	<u>-</u>	<u>18,894</u>
Totals	<u>\$124,038</u>	<u>\$ -</u>	<u>\$124,038</u>

TOWNSHIP OF NEWARK  
GENERAL FUND

## BALANCE SHEET

March 31, 2004

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Assets

Cash in bank - checking	\$ 197.18
Cash in bank - savings	102,593.09
Delinquent taxes receivable	<u>1,512.71</u>

<u>Total Assets</u>	<u>\$ 104,302.98</u>
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Fund Balance

Unreserved	<u>\$ 104,302.98</u>
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See accompanying notes to financial statements.

TOWNSHIP OF NEWARK  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes:			
Current property taxes		\$ 27,656.15	
Property tax administration fees		<u>6,364.65</u>	
Total Taxes	\$ 33,550.00	34,020.80	\$ 470.80
Licenses and permits:			
Right of way	200.00	200.00	-
State grants:			
State revenue sharing	80,000.00	79,785.00	(215.00)
Charges for services:			
Summer tax collection fees		1,712.50	
Land division fees		300.00	
Fire runs		<u>500.00</u>	
Total Charges for Services	150.00	2,512.50	2,362.50
Miscellaneous:			
Interest earned		1,139.26	
Rents and royalties		<u>280.00</u>	
Total Miscellaneous	<u>1,700.00</u>	<u>1,419.26</u>	<u>(280.74)</u>
Total Revenues	\$ 115,600.00	\$ 117,937.56	\$ 2,337.56

TOWNSHIP OF NEWARK  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Expenditures</u>			
Township board:			
Salaries - board		\$ 2,340.00	
Land division expense		300.00	
Dues and memberships		<u>551.98</u>	
Total Township Board	\$ 2,490.00	3,191.98	\$ (701.98)
Supervisor:			
Salaries		8,760.00	
Tax and assessment rolls		3,061.13	
Miscellaneous		<u>847.56</u>	
Total Supervisor	13,260.00	12,668.69	591.31
Elections:			
Salaries		-	
Printing and publishing		<u>-</u>	
Total Elections	-	-	
Clerk:			
Salaries		6,108.00	
Office expenses		<u>262.47</u>	
Total Clerk	6,658.00	6,370.47	287.53
Board of review:			
Salaries		432.46	
Miscellaneous		<u>136.20</u>	
Total Board of Review	<u>850.00</u>	<u>568.66</u>	<u>281.34</u>
<u>Forward</u>	\$ 23,258.00	\$ 22,799.80	\$ 458.20

TOWNSHIP OF NEWARK  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Forwarded</u>	\$ 23,258.00	\$ 22,799.80	\$ 458.20
Treasurer:			
Salaries		6,108.00	
Office expenses		<u>620.20</u>	
Total Treasurer	6,858.00	6,728.20	129.80
Hall and grounds:			
Salaries		1,200.00	
Supplies		446.28	
Utilities		1,205.51	
Repairs and maintenance		<u>2,210.40</u>	
Total Hall and Grounds	8,450.00	5,062.19	3,387.81
Cemetery:			
Repairs and maintenance	6,000.00	3,709.00	2,291.00
Fire:			
Contracted services	24,500.00	19,815.00	4,685.00
Drain:			
County drain tax at large	7,500.00	7,424.91	75.09
Highways and streets:			
Contracted services	44,617.16	39,641.56	4,975.60
Other functions:			
Pension plan		3,819.74	
Insurance and bonds		<u>2,536.00</u>	
Total Other Functions	<u>7,500.00</u>	<u>6,355.74</u>	<u>1,144.26</u>
Total Expenditures - Forward	\$ 128,683.16	\$ 111,536.40	\$ 17,146.76

TOWNSHIP OF NEWARK  
GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Total Expenditures - Forwarded	\$ 128,683.16	\$ 111,536.40	\$ 17,146.76
Excess (Deficiency) of Revenues over Expenditures	(13,083.16)	6,401.16	19,484.32
Fund Balance, April 1	<u>96,400.87</u>	<u>97,901.82</u>	<u>1,500.95</u>
<u>Fund Balance, March 31</u>	<u>\$ 83,317.71</u>	<u>\$ 104,302.98</u>	<u>\$ 20,985.27</u>

See accompanying notes to financial statements.



TOWNSHIP OF NEWARK  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS

Year Ended March 31, 2004

	Balance 4/1/03	Additions	Deductions	Balance 3/31/04
<u>Current Tax Fund</u>				
Assets:				
Cash	\$ -	\$ 616,699.81	\$ 616,699.81	\$ -
Liabilities:				
Due to State	\$ -	\$ 138,270.05	\$ 138,270.05	\$ -
Due to county	-	191,392.61	191,392.61	-
Due to schools	-	254,225.00	254,225.00	-
Due to general fund	-	32,812.15	32,812.15	-
<u>Total Liabilities</u>	\$ -	\$ 616,699.81	\$ 616,699.81	\$ -

See accompanying notes to financial statements.

TOWNSHIP OF NEWARK  
CURRENT TAX FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended March 31, 2004

<u>Balance, April 1</u>		\$ -
<u>Receipts</u>		
Current property taxes	\$ 610,272.12	
Tax administration fees	6,123.63	
Interest earned	<u>304.06</u>	
Total Receipts		<u>616,699.81</u>
Total Receipts and Balance, April 1		616,699.81
<u>Disbursements</u>		
State of Michigan	138,270.05	
Gratiot county	191,392.61	
Gratiot Isabella RESD	116,885.16	
Fulton Community Schools	37,762.85	
Ithaca Schools	99,576.99	
General Fund	<u>32,812.15</u>	
Total Disbursements		<u>616,699.81</u>
<u>Balance, March 31</u>		<u>\$ -</u>

See accompanying notes to financial statements.